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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/517,287	12/08/2004	Michael L Derry	66735-0001	4281

10291 7590 11/16/2007  
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EXAMINER
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STARKS, WILBERT L

ART UNIT	PAPER NUMBER
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2129

MAIL DATE	DELIVERY MODE
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11/16/2007

PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

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**BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES**

**MAILED**

Application Number: 10/517,287  
Filing Date: December 08, 2004  
Appellant(s): DERRY ET AL.

NOV 16 2007

**Technology Center 2100**

Charles A. Bienerman  
Reg. No. 51,472  
For Appellant

**EXAMINER'S ANSWER**

This is in response to the appeal brief filed 08/17/2007 appealing from the Office action mailed 03/21/2007.

**(2) Related Appeals and Interferences**

The examiner is not aware of any related appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

**(3) Status of Claims**

The statement of the status of claims contained in the brief is correct.

**(4) Status of Amendments After Final**

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

**(5) Summary of Claimed Subject Matter**

The summary of claimed subject matter contained in the brief is correct.

**(6) Grounds of Rejection to be Reviewed on Appeal**

The appellant's statement of the grounds of rejection to be reviewed on appeal is correct.

**(7) Claims Appendix**

The copy of the appealed claims contained in the Appendix to the brief is correct.

**(8) Evidence Relied Upon**

6,622,128

Bedell et al

9-2003

**(9) Grounds of Rejection**

The following ground(s) of rejection are applicable to the appealed claims:

***Claim Rejections - 35 USC § 102***

1. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

2. Claims 1-26 are rejected under 35 U.S.C. 102(b) as being anticipated by Bedell et al (U.S. Patent Number 6,622,128 B1; dated 16 SEP 2003; class 705; subclass 030).

Specifically:

**Claim 1**

Claim 1's "a) Selecting pre-established process maps each consisting of individual tasks to be done in the lawsuit;" is anticipated by Bedell et al, col. 11, lines 61-67 and col. 1, lines 1-10, where it recites:

A work product in a lawsuit being defended by a law firm is any individual legal instrument, legal maneuver or legal procedure performed, produced or completed by the firm for which a fee can be charged. Such work products form a core element of the present invention. Legal fees result from a series or combination of activities and work components that support or make up the work product. The present method specifically avoids **task** number coding and is based on the segmentation, identification and time management of the individual work products which combine to make up a whole legal case. The method provides pre-defined utilization lists of probable work products, their descriptions and activity descriptions, but is also flexible so that written descriptions can be used in lieu of listed items. The system prohibits forced distribution of work products or activity descriptions so that data and communicative characteristics are accurate and maximized.

Claim 1's "b) setting pricing and value variables for each individual task to be done which eliminates hourly rates in said method;" is anticipated by Bedell et al, col. 9, lines 32-50, where it recites:

Virtually all insurance company audit processes had their beginnings in some form of litigation guidelines. When the mass movement toward published guidelines first began, the companies were still trying to manage cases individually--the way it had been before and should be today. But principles learned and billing abuses uncovered during that phase of transition suggested that certain cost categorizations pertaining to a universe of lawsuits could be harnessed and controlled. Insofar as the companies were concerned, these categorizations primarily split measurements of litigation success into two definable areas--quality of "defense" and billing--both from cost perspectives on the bottom line. While continuing to be directly related, even derivative of one another, these two areas began to be scrutinized separately by insurance companies. To address both issues with equal levels of control, the companies started producing guidelines in two segments, one part for the handling of a lawsuit, the other to directly address **billing parameters and tolerances**.

Claim 1's "c) the client establishing a lawsuit budget by individual task which an outside counsel must follow;" is anticipated by Bedell et al, Abstract, where it recites:

A process by which litigation or legal billing may be both recorded and monitored in conjunction with budgetary constraints. Legal work products and expenses are logged by a user and recorded in a sortable database. Financial expectations (in the form of budget guidelines) held by an insurance carrier or client can be continuously kept in mind, while time and expenses accrue from an attorney's or legal team's efforts. As time or expenses are entered, corresponding budget information may be displayed. A unified interface provides easy browsing, data entry, and report generation. A navigation bar may provide ready means by which different aspects of the present invention are available.

Claim 1's "d) providing a case status module with real time information on how the lawsuit is proceeding based upon individual task performed;" is anticipated by Bedell et al, col. 8, lines 45-59, where it recites:

Insurance companies may presuppose that the work habits, personalities, capabilities and structure of all attorneys and firms are the same. The only chance for a guideline to serve a meaningful purpose is for it to uniformly apply. In analyzing any set of guidelines, the presupposition that all attorneys in all firms will be affected similarly becomes clear. This likely is an inaccurate assumption, because the structure and organization of law firms are very diverse and no two lawyers function exactly the same. The point is, a requirement will not necessarily be carried out with equivalence by different attorneys or firms. For example, instructing attorneys to provide a thirty-day status report will bring a one-line, "nothing to report" letter from one attorney and a twelve-page dissertation from another on virtually the same case.

Claim 1's "e) providing a point and click billing module for automatically submitting invoices to the client, the invoices having amounts that equal the value variables for individual tasks that have been pre-established and performed; and" is anticipated by Bedell et al, col. 19, lines 13-33, where it recites:

The Navigation Bar 68 appears throughout the process and is available for use at all times. It has six buttons which, by simply clicking the mouse on the appropriate symbol, enable the user to go directly to a page to perform a particular action. Balloon descriptions of each symbol may be shown when the cursor hovers over the icon and help the user determine which button should be selected for a desired action. The buttons may be as follows. The first button 72 accesses the Case Information section and may be labeled by a manila folder. The second button 74 accesses the law firm member-employee Roster Section and may be labeled by the bust of a man. The third button 76 accesses the Work Product Identification and Information section and may be labeled by a legal pad and pen or by a magnifying glass. The fourth button 78 accesses the Work Detail and Time Entries and Itemizations Charged and may be labeled by a calculator or by a dog-eared page with the letters "QE" prominently displayed. The fifth button 80 accesses the Work Product. Billing section and may be labeled by a magnifying glass.

The sixth and last button 82 accesses the Whole Case Summary section and may be labeled by a pie chart.

Claim 1's "f) providing an exceptions module to allow for automatic approval or denial of new work submitted by outside counsel to be done that is beyond the budget." is anticipated by Bedell et al, col. 11, lines 60-67 and col. 12, lines 1-10, where it recites:

A work product in a lawsuit being defended by a law firm is any individual legal instrument, legal maneuver or legal procedure performed, produced or completed by the firm for which a fee can be charged. Such work products form a core element of the present invention. Legal fees result from a series or combination of activities and work components that support or make up the work product. The present method specifically avoids task number coding and is based on the segmentation, identification and time management of the individual work products which combine to make up a whole legal case. The method provides pre-defined utilization lists of probable work products, their descriptions and activity descriptions, but is also flexible so that written descriptions can be used in lieu of listed items. The system **prohibits** forced distribution of work products or activity descriptions so that data and communicative characteristics are accurate and maximized.

## Claim 2

Claim 2's "2. The method as claimed in claim 1, further comprising the step of providing statistical reporting to the client, whereby data is stored and statistical information is generated using the data on all outside counsel for exact task cost comparison." is anticipated by Bedell et al, col. 14, lines 56-67 and col. 15, lines 1-5, where it recites:

The use of HTML (hypertext mark-up language) is well established, and anticipated developments in the mark-up language arena (such as XML, extensible mark-up language) would be easily adaptable to the invention disclosed herein. Consequently, the data gathering and presentation techniques are believed to be known in the art. However, due to the

strong demand for coordinated legal billing and budget monitoring activities over disparate geographic regions, the Internet provides the medium by which a database may be stored on a server that is readily available worldwide. Copies of such a database may also be easily made with the primacy of a single database indicated by file tags or imbedded codes. Databases of several cases can be bundled together to provide a more comprehensive database. However, it is at the case level that the present invention operates and establishes databases with respect to individual cases.

### Claim 3

Claim 3's "3. The method claimed in claim 1, wherein the step of selecting process maps includes selecting each anticipated task of the lawsuit and using the process maps that are in the system." is anticipated by Bedell et al, col. 11, lines 61-67 and col. 1, lines 1-10, where it recites:

A work product in a lawsuit being defended by a law firm is any individual legal instrument, legal maneuver or legal procedure performed, produced or completed by the firm for which a fee can be charged. Such work products form a core element of the present invention. Legal fees result from a series or combination of activities and work components that support or make up the work product. The present method specifically avoids task number coding and is based on the segmentation, identification and time management of the individual work products which combine to make up a whole legal case. The method provides pre-defined utilization lists of probable work products, their descriptions and activity descriptions, but is also flexible so that written descriptions can be used in lieu of listed items. The system prohibits forced distribution of work products or activity descriptions so that data and communicative characteristics are accurate and maximized.

### Claim 4

Claim 4's "4. The method as claimed in claim 1, wherein the step of creating process maps includes identifying each individual task to be performed in the



lawsuit and inputting the level of expertise of the person who will be doing each task." is anticipated by Bedell et al, col. 11, lines 61-67 and col. 1, lines 1-10, where it recites:

A work product in a lawsuit being defended by a law firm is any individual legal instrument, legal maneuver or legal procedure performed, produced or completed by the firm for which a fee can be charged. Such work products form a core element of the present invention. Legal fees result from a series or combination of activities and work components that support or make up the work product. The present method specifically avoids **task** number coding and is based on the segmentation, identification and time management of the individual work products which combine to make up a whole legal case. The method provides pre-defined utilization lists of probable work products, their descriptions and activity descriptions, but is also flexible so that written descriptions can be used in lieu of listed items. The system prohibits forced distribution of work products or activity descriptions so that data and communicative characteristics are accurate and maximized.

### **Claim 5**

Claim 5's "5. The method as claimed in claim 1, wherein the step of setting price and value variables includes the client establishing limits for each task to be performed." is anticipated by Bedell et al, col. 9, lines 32-50, where it recites:

Virtually all insurance company audit processes had their beginnings in some form of litigation guidelines. When the mass movement toward published guidelines first began, the companies were still trying to manage cases individually--the way it had been before and should be today. But principles learned and billing abuses uncovered during that phase of transition suggested that certain cost categorizations pertaining to a universe of lawsuits could be harnessed and controlled. Insofar as the companies were concerned, these categorizations primarily split measurements of litigation success into two definable areas--quality of "defense" and billing--both from **cost** perspectives on the bottom line. While continuing to be directly related, even derivative of one another, these two areas began to be scrutinized separately by insurance companies. To address both issues with equal levels of control, the companies started producing guidelines in two segments, one part for the handling of a lawsuit, the other to directly address **billing parameters and tolerances**.

### **Claim 6**

Claim 6's "6.The method as claimed in claim 1, wherein the step of setting price and value variable includes the client inputting upper and lower control limits for each task" is anticipated by Bedell et al, col. 9, lines 32-50, where it recites:

Virtually all insurance company audit processes had their beginnings in some form of litigation guidelines. When the mass movement toward published guidelines first began, the companies were still trying to manage cases individually--the way it had been before and should be today. But principles learned and billing abuses uncovered during that phase of transition suggested that certain cost categorizations pertaining to a universe of lawsuits could be harnessed and controlled. Insofar as the companies were concerned, these categorizations primarily split measurements of litigation success into two definable areas--quality of "defense" and billing--both from cost perspectives on the bottom line. While continuing to be directly related, even derivative of one another, these two areas began to be scrutinized separately by insurance companies. To address both issues with equal levels of control, the companies started producing guidelines in two segments, one part for the handling of a lawsuit, the other to directly address billing parameters and tolerances.

### **Claim 7**

Claim 7's "7.The method as claimed in claim 1, wherein the step of setting price and value variables includes inputting into a data base firm name location, type of case, and type of lawyer." is anticipated by Bedell et al, col. 9, lines 32-50, where it recites:

Virtually all insurance company audit processes had their beginnings in some form of litigation guidelines. When the mass movement toward published guidelines first began, the companies were still trying to manage cases individually--the way it had been before and should be today. But principles learned and billing abuses uncovered during that

phase of transition suggested that certain cost categorizations pertaining to a universe of lawsuits could be harnessed and controlled. Insofar as the companies were concerned, these categorizations primarily split measurements of litigation success into two definable areas--quality of "defense" and billing--both from cost perspectives on the bottom line. While continuing to be directly related, even derivative of one another, these two areas began to be scrutinized separately by insurance companies. To address both issues with equal levels of control, the companies started producing guidelines in two segments, one part for the handling of a lawsuit, the other to directly address billing parameters and tolerances.

### **Claim 8**

Claim 8's "8. The method as claimed in claim 1, wherein the step of establishing a budget includes the client generating values for each individual task, the client electronically submitting the budget to outside counsel, and the outside counsel either accepting or rejecting the budget by a submission back to the client." is anticipated by Bedell et al, col. 11, lines 61-67 and col. 1, lines 1-10, where it recites:

A work product in a lawsuit being defended by a law firm is any individual legal instrument, legal maneuver or legal procedure performed, produced or completed by the firm for which a fee can be charged. Such work products form a core element of the present invention. Legal fees result from a series or combination of activities and work components that support or make up the work product. The present method specifically avoids task number coding and is based on the segmentation, identification and time management of the individual work products which combine to make up a whole legal case. The method provides pre-defined utilization lists of probable work products, their descriptions and activity descriptions, but is also flexible so that written descriptions can be used in lieu of listed items. The system prohibits forced distribution of work products or activity descriptions so that data and communicative characteristics are accurate and maximized.

### **Claim 9**

Claim 9's "9. The method as claimed in claim 8, wherein the step of rejecting the budget includes allowing outside counsel to generate a counterproposal budget by

adjusting the individual tasks and electronically submit same to the client." is anticipated by Bedell et al, Abstract, where it recites:

A process by which litigation or legal billing may be both recorded and monitored in conjunction with budgetary constraints. Legal work products and expenses are logged by a user and recorded in a sortable database. Financial expectations (in the form of budget guidelines) held by an insurance carrier or client can be continuously kept in mind, while time and expenses accrue from an attorney's or legal team's efforts. As time or expenses are entered, corresponding budget information may be displayed. A unified interface provides easy browsing, data entry, and report generation. A navigation bar may provide ready means by which different aspects of the present invention are available.

#### **Claim 10**

Claim 10's "10. The method as claimed in claim 1, wherein the step of providing a case status module includes providing a client with current information on status of a particular lawsuit by transmission of such information over the Internet." is anticipated by Bedell et al, col. 8, lines 45-59, where it recites:

Insurance companies may presuppose that the work habits, personalities, capabilities and structure of all attorneys and firms are the same. The only chance for a guideline to serve a meaningful purpose is for it to uniformly apply. In analyzing any set of guidelines, the presupposition that all attorneys in all firms will be affected similarly becomes clear. This likely is an inaccurate assumption, because the structure and organization of law firms are very diverse and no two lawyers function exactly the same. The point is, a requirement will not necessarily be carried out with equivalence by different attorneys or firms. For example, instructing attorneys to provide a thirty-day status report will bring a one-line, "nothing to report" letter from one attorney and a twelve-page dissertation from another on virtually the same case.

#### **Claim 11**

Claim 11's "11. The method as claimed in claim 1, wherein the step of providing a point and click billing module includes inputting the work that has been completed into a computer by clicking an ABA code representative of the work area completed, clicking on the specific pre-approved task that has been performed, clicking on a tab to bill it, and automatically sending a bill via internet to a client." is anticipated by Bedell et al, col. 19, lines 13-33, where it recites:

The Navigation Bar 68 appears throughout the process and is available for use at all times. It has six buttons which, by simply clicking the mouse on the appropriate symbol, enable the user to go directly to a page to perform a particular action. Balloon descriptions of each symbol may be shown when the cursor hovers over the icon and help the user determine which button should be selected for a desired action. The buttons may be as follows. The first button 72 accesses the Case Information section and may be labeled by a manila folder. The second button 74 accesses the law firm member-employee Roster Section and may be labeled by the bust of a man. The third button 76 accesses the Work Product Identification and Information section and may be labeled by a legal pad and pen or by a magnifying glass. The fourth button 78 accesses the Work Detail and Time Entries and Itemizations Charged and may be labeled by a calculator or by a dog-eared page with the letters "QE" prominently displayed. The fifth button 80 accesses the Work Product. Billing section and may be labeled by a magnifying glass. The sixth and last button 82 accesses the Whole Case Summary section and may be labeled by a pie chart.

### **Claim 12**

Claim 12's "12. The method as claimed in claim 1, wherein the step of providing a point and click billing module includes electronically sending a pre-approved non-hourly based bill to a customer once the task has been completed, and the client electronically or manually causing payment to outside counsel." is anticipated by Bedell et al, col. 19, lines 13-33, where it recites:

The Navigation Bar 68 appears throughout the process and is available for use at all times. It has six buttons which, by simply clicking the mouse on the appropriate symbol, enable the user to go directly to a page to perform a particular action. Balloon descriptions of each symbol may be shown when the cursor hovers over the icon and help the user determine which button should be selected for a desired action. The buttons may be as follows. The first button 72 accesses the Case Information section and may be labeled by a manila folder. The second button 74 accesses the law firm member-employee Roster Section and may be labeled by the bust of a man. The third button 76 accesses the Work Product Identification and Information section and may be labeled by a legal pad and pen or by a magnifying glass. The fourth button 78 accesses the Work Detail and Time Entries and Itemizations Charged and may be labeled by a calculator or by a dog-eared page with the letters "QE" prominently displayed. The fifth button 80 accesses the Work Product. Billing section and may be labeled by a magnifying glass. The sixth and last button 82 accesses the Whole Case Summary section and may be labeled by a pie chart.

### Claim 13

Claim 13's "13. The method as claimed in claim 1, wherein the step of providing a point and click billing module includes requiring a firm to electronically bill a customer once a pre-approved task is performed." is anticipated by Bedell et al, col. 19, lines 13-33, where it recites:

The Navigation Bar 68 appears throughout the process and is available for use at all times. It has six buttons which, by simply clicking the mouse on the appropriate symbol, enable the user to go directly to a page to perform a particular action. Balloon descriptions of each symbol may be shown when the cursor hovers over the icon and help the user determine which button should be selected for a desired action. The buttons may be as follows. The first button 72 accesses the Case Information section and may be labeled by a manila folder. The second button 74 accesses the law firm member-employee Roster Section and may be labeled by the bust of a man. The third button 76 accesses the Work Product Identification and Information section and may be labeled by a legal pad and pen or by a magnifying glass. The fourth button 78 accesses the Work Detail and Time Entries and Itemizations Charged and may be labeled by a calculator or by a dog-eared page with the letters "QE" prominently displayed. The fifth button 80 accesses the

Work Product. Billing section and may be labeled by a magnifying glass. The sixth and last button 82 accesses the Whole Case Summary section and may be labeled by a pie chart.

#### **Claim 14**

Claim 14's "14. The method as claimed in claim 1, wherein the step of providing an exceptions module includes allowing outside counsel to electronically submit requests for approval of new work that is not in the actual budget, and allowing a client to approve, modify or reject the request." is anticipated by Bedell et al, col. 11, lines 60-67 and col. 12, lines 1-10, where it recites:

A work product in a lawsuit being defended by a law firm is any individual legal instrument, legal maneuver or legal procedure performed, produced or completed by the firm for which a fee can be charged. Such work products form a core element of the present invention. Legal fees result from a series or combination of activities and work components that support or make up the work product. The present method specifically avoids task number coding and is based on the segmentation, identification and time management of the individual work products which combine to make up a whole legal case. The method provides pre-defined utilization lists of probable work products, their descriptions and activity descriptions, but is also flexible so that written descriptions can be used in lieu of listed items. The system **prohibits** forced distribution of work products or activity descriptions so that data and communicative characteristics are accurate and maximized.

#### **Claim 15**

Claim 15's "15. The method as claimed in claim 1, wherein the step of providing an exceptions module includes outside counsel submitting a request for new work, and approving the request if it is within a previously set default pricing variable." is anticipated by Bedell et al, col. 9, lines 32-50, where it recites:

Virtually all insurance company audit processes had their beginnings in some form of litigation guidelines. When the mass movement toward published guidelines first began, the companies were still trying to manage cases individually--the way it had been before and should be today. But principles learned and billing abuses uncovered during that phase of transition suggested that certain cost categorizations pertaining to a universe of lawsuits could be harnessed and controlled. Insofar as the companies were concerned, these categorizations primarily split measurements of litigation success into two definable areas--quality of "defense" and billing--both from **cost** perspectives on the bottom line. While continuing to be directly related, even derivative of one another, these two areas began to be scrutinized separately by insurance companies. To address both issues with equal levels of control, the companies started producing guidelines in two segments, one part for the handling of a lawsuit, the other to directly address **billing parameters and tolerances**.

#### **Claim 16**

Claim 16's "16. The method as claimed in claim 1, wherein the step of providing an exceptions module includes allowing a client to obtain current status of prior exceptions requests. " is anticipated by Bedell et al, col. 8, lines 45-59, where it recites:

Insurance companies may presuppose that the work habits, personalities, capabilities and structure of all attorneys and firms are the same. The only chance for a guideline to serve a meaningful purpose is for it to uniformly apply. In analyzing any set of guidelines, the presupposition that all attorneys in all firms will be affected similarly becomes clear. This likely is an inaccurate assumption, because the structure and organization of law firms are very diverse and no two lawyers function exactly the same. The point is, a requirement will not necessarily be carried out with equivalence by different attorneys or firms. For example, instructing attorneys to provide a thirty-day **status** report will bring a one-line, "nothing to report" letter from one attorney and a twelve-page dissertation from another on virtually the same case.

#### **Claim 17**

Claim 17's "17. The method as claimed in claim 2, wherein the step of providing statistical reporting includes graphically outputting historical information based on data



that is generated by said method." is anticipated by Bedell et al, col. 14, lines 56-67 and col. 15, lines 1-5, where it recites:

The use of HTML (hypertext mark-up language) is well established, and anticipated developments in the mark-up language arena (such as XML, extensible mark-up language) would be easily adaptable to the invention disclosed herein. Consequently, the data gathering and presentation techniques are believed to be known in the art. However, due to the strong demand for coordinated legal billing and budget monitoring activities over disparate geographic regions, the Internet provides the medium by which a database may be stored on a server that is readily available worldwide. Copies of such a database may also be easily made with the primacy of a single database indicated by file tags or imbedded codes. Databases of several cases can be bundled together to provide a more comprehensive database. However, it is at the case level that the present invention operates and establishes databases with respect to individual cases.

### Claim 18

Claim 18's "18. The method as claimed in claim 1, further comprising the step of providing incentives for exceptional performance by outside counsel, electronically notifying compensating outside" is anticipated by Bedell et al, col. 12, lines 11-27, where it recites:

The method allows and encourages narrative explanation for each work product established on a case by containing data base text fields for specific work descriptions and specific references. The system is utilized by the firms and the individuals to whom they are reporting for spontaneous and immediate electronic communication through the Internet. Work products are established, budgeted for and managed during case development. The method eliminates the need for after-the-fact auditing of legal bills. The method allows for carrier guidelines to be directly incorporated into the system, via programmed alerts, to maximize guideline compliance. The system enables interim payments to be made by producing detailed legal bills for completed work products that have been pre-communicated to clients/carriers. The system allows all users to view and measure incurred fees and expenses while they are accumulating and before actual bills are submitted for payment.

**Claim 19**

Claim 19's " a module operable for inputting data for establishing an actual budget, said module including a feature for inputting values to each task, and a feature for inputting the level of expertise to be used on each task;" is anticipated by Bedell et al, col. 11, lines 61-67 and col. 1, lines 1-10, where it recites:

A work product in a lawsuit being defended by a law firm is any individual legal instrument, legal maneuver or legal procedure performed, produced or completed by the firm for which a fee can be charged. Such work products form a core element of the present invention. Legal fees result from a series or combination of activities and work components that support or make up the work product. The present method specifically avoids **task** number coding and is based on the segmentation, identification and time management of the individual work products which combine to make up a whole legal case. The method provides pre-defined utilization lists of probable work products, their descriptions and activity descriptions, but is also flexible so that written descriptions can be used in lieu of listed items. The system prohibits forced distribution of work products or activity descriptions so that data and communicative characteristics are accurate and maximized.

Claim 19's " a module for statistically reporting each task to the client to verify if it is in control; and" is anticipated by Bedell et al, col. 11, lines 61-67 and col. 1, lines 1-10, where it recites:

A work product in a lawsuit being defended by a law firm is any individual legal instrument, legal maneuver or legal procedure performed, produced or completed by the firm for which a fee can be charged. Such work products form a core element of the present invention. Legal fees result from a series or combination of activities and work components that support or make up the work product. The present method specifically avoids **task** number coding and is based on the segmentation, identification and time management of the individual work products which combine to make up a whole legal case. The method

provides pre-defined utilization lists of probable work products, their descriptions and activity descriptions, but is also flexible so that written descriptions can be used in lieu of listed items. The system prohibits forced distribution of work products or activity descriptions so that data and communicative characteristics are accurate and maximized.

Claim 19's "an exceptions module that is controlled by the client for accommodating alterations to the budget." is anticipated by Bedell et al, Abstract, where it recites:

A process by which litigation or legal billing may be both recorded and monitored in conjunction with budgetary constraints. Legal work products and expenses are logged by a user and recorded in a sortable database. Financial expectations (in the form of budget guidelines) held by an insurance carrier or client can be continuously kept in mind, while time and expenses accrue from an attorney's or legal team's efforts. As time or expenses are entered, corresponding budget information may be displayed. A unified interface provides easy browsing, data entry, and report generation. A navigation bar may provide ready means by which different aspects of the present invention are available.

#### **Claim 20**

Claim 20's "20. The computer based cost management system as claimed in claim 19, further comprising a module for electronically billing a client based on pre-determined task cost and receiving automatic approval and payment." is anticipated by Bedell et al, col. 11, lines 60-67 and col. 12, lines 1-10, where it recites:

A work product in a lawsuit being defended by a law firm is any individual legal instrument, legal maneuver or legal procedure performed, produced or completed by the firm for which a fee can be charged. Such work products form a core element of the present invention. Legal fees result from a series or combination of activities and work components that support or make up the work product. The present method specifically avoids task number coding and is based on the segmentation, identification and time management of the individual work

products which combine to make up a whole legal case. The method provides pre-defined utilization lists of probable work products, their descriptions and activity descriptions, but is also flexible so that written descriptions can be used in lieu of listed items. The system **prohibits** forced distribution of work products or activity descriptions so that data and communicative characteristics are accurate and maximized.

### **Claim 21**

Claim 21's " a module that maps out in detail the tasks, decision points and litigation variables for the process of litigation;" is anticipated by Bedell et al, col. 11, lines 61-67 and col. 1, lines 1-10, where it recites:

A work product in a lawsuit being defended by a law firm is any individual legal instrument, legal maneuver or legal procedure performed, produced or completed by the firm for which a fee can be charged. Such work products form a core element of the present invention. Legal fees result from a series or combination of activities and work components that support or make up the work product. The present method specifically avoids **task** number coding and is based on the segmentation, identification and time management of the individual work products which combine to make up a whole legal case. The method provides pre-defined utilization lists of probable work products, their descriptions and activity descriptions, but is also flexible so that written descriptions can be used in lieu of listed items. The system prohibits forced distribution of work products or activity descriptions so that data and communicative characteristics are accurate and maximized.

Claim 21's " a module for assigning dollar values to each task of the process;" is anticipated by Bedell et al, col. 9, lines 32-50, where it recites:

Virtually all insurance company audit processes had their beginnings in some form of litigation guidelines. When the mass movement toward published guidelines first began, the companies were still trying to manage cases individually--the way it had been before and should be today. But principles learned and billing abuses uncovered during that phase of transition suggested that certain cost categorizations pertaining to a universe of lawsuits could be harnessed and controlled. Insofar as the companies were concerned, these categorizations primarily split

measurements of litigation success into two definable areas--quality of "defense" and billing--both from cost perspectives on the bottom line. While continuing to be directly related, even derivative of one another, these two areas began to be scrutinized separately by insurance companies. To address both issues with equal levels of control, the companies started producing guidelines in two segments, one part for the handling of a lawsuit, the other to directly address **billing parameters and tolerances**.

Claim 21's " a module for inputting pre-approved dollar values for each task to be charged by counsel; and" is anticipated by Bedell et al, col. 19, lines 13-33, where it recites:

The Navigation Bar 68 appears throughout the process and is available for use at all times. It has six buttons which, by simply clicking the mouse on the appropriate symbol, enable the user to go directly to a page to perform a particular action. Balloon descriptions of each symbol may be shown when the cursor hovers over the icon and help the user determine which button should be selected for a desired action. The buttons may be as follows. The first button 72 accesses the Case Information section and may be labeled by a manila folder. The second button 74 accesses the law firm member-employee Roster Section and may be labeled by the bust of a man. The third button 76 accesses the Work Product Identification and Information section and may be labeled by a legal pad and pen or by a magnifying glass. The fourth button 78 accesses the Work Detail and Time Entries and Itemizations Charged and may be labeled by a calculator or by a dog-eared page with the letters "QE" prominently displayed. The fifth button 80 accesses the Work Product. Billing section and may be labeled by a magnifying glass. The sixth and last button 82 accesses the Whole Case Summary section and may be labeled by a pie chart.

Claim 21's " a module for imputing other information." is anticipated by Bedell et al, col. 8, lines 45-59, where it recites:

Insurance companies may presuppose that the work habits, personalities, capabilities and structure of all attorneys and firms are the same. The only chance for a guideline to serve a meaningful purpose is for it to uniformly apply. In analyzing any set of guidelines, the presupposition that all attorneys in all firms will be affected similarly

becomes clear. This likely is an inaccurate assumption, because the structure and organization of law firms are very diverse and no two lawyers function exactly the same. The point is, a requirement will not necessarily be carried out with equivalence by different attorneys or firms. For example, instructing attorneys to provide a thirty-day status report will bring a one-line, "nothing to report" letter from one attorney and a twelve-page dissertation from another on virtually the same case.

### **Claim 22**

Claim 22's " a real time analysis module that is operable to inform in-house counsel in reducing litigation cost;" is anticipated by Bedell et al, col. 8, lines 45-59, where it recites:

Insurance companies may presuppose that the work habits, personalities, capabilities and structure of all attorneys and firms are the same. The only chance for a guideline to serve a meaningful purpose is for it to uniformly apply. In analyzing any set of guidelines, the presupposition that all attorneys in all firms will be affected similarly becomes clear. This likely is an inaccurate assumption, because the structure and organization of law firms are very diverse and no two lawyers function exactly the same. The point is, a requirement will not necessarily be carried out with equivalence by different attorneys or firms. For example, instructing attorneys to provide a thirty-day status report will bring a one-line, "nothing to report" letter from one attorney and a twelve-page dissertation from another on virtually the same case.

Claim 22's " a real time budget and cost to complete module that is created by in-house counsel; and" is anticipated by Bedell et al, Abstract, where it recites:

A process by which litigation or legal billing may be both recorded and monitored in conjunction with budgetary constraints. Legal work products and expenses are logged by a user and recorded in a sortable database. Financial expectations (in the form of budget guidelines) held by an insurance carrier or client can be continuously kept in mind, while time and expenses accrue from an attorney's or legal team's efforts. As time or expenses are entered, corresponding budget information may be displayed. A unified interface provides easy browsing, data entry, and

report generation. A navigation bar may provide ready means by which different aspects of the present invention are available.

Claim 22's " an exception module that is operable to permit outside counsel to request to modify the budget when a task outside of the budget arises, said in-house counsel being operable to deny said request, if the request is approved, the budget is revised." is anticipated by Bedell et al, Abstract, where it recites:

A process by which litigation or legal billing may be both recorded and monitored in conjunction with budgetary constraints. Legal work products and expenses are logged by a user and recorded in a sortable database. Financial expectations (in the form of budget guidelines) held by an insurance carrier or client can be continuously kept in mind, while time and expenses accrue from an attorney's or legal team's efforts. As time or expenses are entered, corresponding budget information may be displayed. A unified interface provides easy browsing, data entry, and report generation. A navigation bar may provide ready means by which different aspects of the present invention are available.

### Claim 23

Claim 23's " an input module for entering work that has been completed by a firm and generating an invoice;" is anticipated by Bedell et al, col. 19, lines 13-33, where it recites:

The Navigation Bar 68 appears throughout the process and is available for use at all times. It has six buttons which, by simply clicking the mouse on the appropriate symbol, enable the user to go directly to a page to perform a particular action. Balloon descriptions of each symbol may be shown when the cursor hovers over the icon and help the user determine which button should be selected for a desired action. The buttons may be as follows. The first button 72 accesses the Case Information section and may be labeled by a manila folder. The second button 74 accesses the law firm member-employee Roster Section and may be labeled by the bust of a man. The third button 76 accesses the Work Product Identification and Information section and may be labeled

by a legal pad and pen or by a magnifying glass. The fourth button 78 accesses the Work Detail and Time Entries and Itemizations Charged and may be labeled by a calculator or by a dog-eared page with the letters "QE" prominently displayed. The fifth button 80 accesses the Work Product. Billing section and may be labeled by a magnifying glass. The sixth and last button 82 accesses the Whole Case Summary section and may be labeled by a pie chart.

Claim 23's "a transfer device for communicating the invoice to the customer;" is anticipated by Bedell et al, col. 19, lines 13-33, where it recites:

The Navigation Bar 68 appears throughout the process and is available for use at all times. It has six buttons which, **by simply clicking the mouse** on the appropriate symbol, enable the user to go directly to a page to perform a particular action. Balloon descriptions of each symbol may be shown when the cursor hovers over the icon and help the user determine which button should be selected for a desired action. The buttons may be as follows. The first button 72 accesses the Case Information section and may be labeled by a manila folder. The second button 74 accesses the law firm member-employee Roster Section and may be labeled by the bust of a man. The third button 76 accesses the Work Product Identification and Information section and may be labeled by a legal pad and pen or by a magnifying glass. The fourth button 78 accesses the Work Detail and Time Entries and Itemizations Charged and may be labeled by a calculator or by a dog-eared page with the letters "QE" prominently displayed. The fifth button 80 accesses the Work Product. Billing section and may be labeled by a magnifying glass. The sixth and last button 82 accesses the Whole Case Summary section and may be labeled by a pie chart.

Claim 23's "a processing department operated by the customer that is operable to receive the invoice from the transfer device; and" is anticipated by Bedell et al, col. 21, lines 9-29, where it recites:

The Client Information fields 120 record critical client information. The client is the defendant whom the firm is representing. Information about the client is supplied by the user in the indicated fields: Name (person or company) 130; Street Address 132; City 134; State, drop-down selection menu 136; Zip Code 138; Contact Name 140, the person with whom the attorney will be corresponding/communicating. This person may be the



same as shown in the client "Name" field or it may be a different person; Telephone Number 142; Contact e-mail 143; and Invoice Method, drop-down selection (e-mail, regular mail or other) 144. The method of invoicing should only be used when the firm is billing the client directly.

Claim 23's "a means for transmitting payment information to a firm." is anticipated by Bedell et al, col. 19, lines 13-33, where it recites:

The Navigation Bar 68 appears throughout the process and is available for use at all times. It has six buttons which, by simply clicking the mouse on the appropriate symbol, enable the user to go directly to a page to perform a particular action. Balloon descriptions of each symbol may be shown when the cursor hovers over the icon and help the user determine which button should be selected for a desired action. The buttons may be as follows. The first button 72 accesses the Case Information section and may be labeled by a manila folder. The second button 74 accesses the law firm member-employee Roster Section and may be labeled by the bust of a man. The third button 76 accesses the Work Product Identification and Information section and may be labeled by a legal pad and pen or by a magnifying glass. The fourth button 78 accesses the Work Detail and Time Entries and Itemizations Charged and may be labeled by a calculator or by a dog-eared page with the letters "QE" prominently displayed. The fifth button 80 accesses the Work Product. Billing section and may be labeled by a magnifying glass. The sixth and last button 82 accesses the Whole Case Summary section and may be labeled by a pie chart.

#### Claim 24

Claim 24's "24. The cost management system as claimed in claim 23, further comprising a means for providing exceptions requests to the budget through electronic submission by the firm to the customer." is anticipated by Bedell et al, Abstract, where it recites:

A process by which litigation or legal billing may be both recorded and monitored in conjunction with budgetary constraints. Legal work products and expenses are logged by a user and recorded in a sortable

database. Financial expectations (in the form of budget guidelines) held by an insurance carrier or client can be continuously kept in mind, while time and expenses accrue from an attorney's or legal team's efforts. As time or expenses are entered, corresponding budget information may be displayed. A unified interface provides easy browsing, data entry, and report generation. A navigation bar may provide ready means by which different aspects of the present invention are available.

### **Claim 25**

Claim 25's "25. The cost management system as claimed in claim 24, further comprising a module for tracking each exception that is requested, so as to make decisions based on a litigation process that is consistent for all outside law firms. " is anticipated by Bedell et al, col. 11, lines 60-67 and col. 12, lines 1-10, where it recites:

A work product in a lawsuit being defended by a law firm is any individual legal instrument, legal maneuver or legal procedure performed, produced or completed by the firm for which a fee can be charged. Such work products form a core element of the present invention. Legal fees result from a series or combination of activities and work components that support or make up the work product. The present method specifically avoids task number coding and is based on the segmentation, identification and time management of the individual work products which combine to make up a whole legal case. The method provides pre-defined utilization lists of probable work products, their descriptions and activity descriptions, but is also flexible so that written descriptions can be used in lieu of listed items. The system **prohibits** forced distribution of work products or activity descriptions so that data and communicative characteristics are accurate and maximized.

### **Claim 26**

Claim 26's "the corporate counsel generating an actual working budget based on defaults and price variables;" is anticipated by Bedell et al, Abstract, where it recites:

A process by which **litigation** or legal billing may be both recorded and monitored in conjunction with **budgetary constraints**. Legal work

products and expenses are logged by a user and recorded in a sortable database. Financial expectations (in the form of budget guidelines) held by an insurance carrier or client can be continuously kept in mind, while time and expenses accrue from an attorney's or legal team's efforts. As time or expenses are entered, corresponding budget information may be displayed. A unified interface provides easy browsing, data entry, and report generation. A navigation bar may provide ready means by which different aspects of the present invention are available.

Claim 26's "the actual budget being electronically submitted to a law firm;" is anticipated by Bedell et al, Abstract, where it recites:

A process by which litigation or legal billing may be both recorded and monitored in conjunction with budgetary constraints. Legal work products and expenses are logged by a user and recorded in a sortable database. Financial expectations (in the form of budget guidelines) held by an insurance carrier or client can be continuously kept in mind, while time and expenses accrue from an attorney's or legal team's efforts. As time or expenses are entered, corresponding budget information may be displayed. A unified interface provides easy browsing, data entry, and report generation. A navigation bar may provide ready means by which different aspects of the present invention are available.

Claim 26's "the budget being approved, rejected or modified by the law firm;" is anticipated by Bedell et al, Abstract, where it recites:

A process by which litigation or legal billing may be both recorded and monitored in conjunction with budgetary constraints. Legal work products and expenses are logged by a user and recorded in a sortable database. Financial expectations (in the form of budget guidelines) held by an insurance carrier or client can be continuously kept in mind, while time and expenses accrue from an attorney's or legal team's efforts. As time or expenses are entered, corresponding budget information may be displayed. A unified interface provides easy browsing, data entry, and report generation. A navigation bar may provide ready means by which different aspects of the present invention are available.

Claim 26's "the case proceeding based upon an agreed upon budget; and" is anticipated by Bedell et al, Abstract, where it recites:

A process by which litigation or legal billing may be both recorded and monitored in conjunction with budgetary constraints. Legal work products and expenses are logged by a user and recorded in a sortable database. Financial expectations (in the form of budget guidelines) held by an insurance carrier or client can be continuously kept in mind, while time and expenses accrue from an attorney's or legal team's efforts. As time or expenses are entered, corresponding budget information may be displayed. A unified interface provides easy browsing, data entry, and report generation. A navigation bar may provide ready means by which different aspects of the present invention are available.

Claim 26's "the law firm electronically requesting exceptions when a task is outside of the agreed upon actual budget, said corporate counsel either accepting or rejecting the exceptions." is anticipated by Bedell et al, Abstract, where it recites:

A process by which litigation or legal billing may be both recorded and monitored in conjunction with budgetary constraints. Legal work products and expenses are logged by a user and recorded in a sortable database. Financial expectations (in the form of budget guidelines) held by an insurance carrier or client can be continuously kept in mind, while time and expenses accrue from an attorney's or legal team's efforts. As time or expenses are entered, corresponding budget information may be displayed. A unified interface provides easy browsing, data entry, and report generation. A navigation bar may provide ready means by which different aspects of the present invention are available.

### ***Response to Arguments***

Applicant's arguments filed 08/17/2007 have been fully considered but they are not persuasive. Specifically:

#### **Argument 1**

Bedell does not teach or suggest numerous elements of Appellants' claims. Bedell discloses "[a] process by which litigation or legal billing may be both recorded and monitored in conjunction with budgetary constraints." (Bedell, Abstract.) Bedell more specifically discloses accounting "for time and fees according to work products," thereby eliminating "disconnected chronologies of activity and time itemizations in bills." (Bedell, column 11, lines 58-60.) In the system of Bedell, a "work product" may include "a series or combination of activities and work components that support or make up the work product." (Bedell, column 11, lines 64-67.) Bedell "specifically avoids task number coding" and is instead "based on the segmentation, identification and time management of the individual work products which combine to make up a whole legal case." (Bedell, column 12, lines 14.) In contrast to Bedell, various of Appellants' claims provide for tracking litigation costs on an hourly basis, identifying and budgeting according to individual tasks in a process map, and dealing with exceptions in a litigation budget. As discussed in more detail below, Bedell does not teach or suggest – and in many cases teaches away from – these and many other elements of Appellants' claims.

Bedell et al anticipates the "hourly basis" on column 4, lines 59-67 and column 6, lines 1-2, where it recites:

Characteristically, **hourly billing** has tremendous accounting and communication benefits. However, if a law firm structures its practice around billing formats, or perhaps includes billed time production in its performance criteria, an insurance client can become very confused when trying to figure out where or how quality and cost are tethered. Conversely, too much reliance by an insurance company on hourly billing as a post-activity monitor can prevent, rather than promote, any balance between quality and cost. In either instance, values of legal services are not detectable, because the respective focuses are all wrong.

Further, Bedell et al anticipates the "individual tasks in a process map" Fig. 3.

Further, Bedell et al anticipates the "exceptions in a litigation budget" on column 20, lines 45-51, where it recites:

The Estimated Expenses field element 114 provides additional budgetary information. In addition to fees, most carriers and/or clients prefer to have an overall estimate for the expenses the firm estimates will be

incurred on the entire case while it is being defended. That estimate may be inserted in this field. This is an **editable field**. These estimates **may be revised**.

## Argument 2

A. Independent Claim and Dependent Claims 2-18 (Ground of Rejection No. 1)

1. Claim 1: "selecting pre-established process maps each consisting of individual tasks to be done in the lawsuit"  
Claim 1 recites "selecting pre-established process maps each consisting of individual tasks to be done in the lawsuit." In the Final Office Action (pages 2-3), the Examiner contended that Bedell's disclosure of tracking "work products" reads on the foregoing recitation of claim 1. For at least either of the reasons set forth in the following two sections of this Brief, the Examiner's contention is misplaced. Bedell teaches at most establishing a **single** "work product" at a time, and in no way teaches or suggests selecting from **preestablished** work products. Moreover, even if Bedell did teach or suggest selecting from preestablished work products, Bedell in no way teaches or suggests "**process maps** each consisting of individual tasks to be done in the lawsuit."

Bedell et al anticipates the "preestablished work product" in the Abstract where it recites:

A process by which litigation or legal billing may be both recorded and monitored in conjunction with budgetary constraints. Legal work products and expenses are logged by a user and recorded in a sortable database. Financial expectations (in the form of budget guidelines) held by an insurance carrier or client can be continuously kept in mind, while time and expenses accrue from an attorney's or legal team's efforts. As time or expenses are entered, corresponding budget information may be displayed. A unified interface provides easy browsing, data entry, and report generation. A navigation bar may provide ready means by which different aspects of the present invention are available.

Further, Bedell et al anticipates the "individual tasks in a process map" Fig. 3.

### Argument 3

a. "pre-established process maps"

As explained in Appellants' Specification (page 10) "process maps represent the steps involved in a particular task, for example responding to a complaint." Accordingly, claim 1 recites "process maps each consisting of individual tasks to be done in the lawsuit." **Bedell, in contrast, discloses at most tracking "information regarding the various work product tasks and events for a lawsuit."** (Bedell, column 24, lines 28-29.) Bedell does not teach or suggest any process maps, or any representation of the steps involved in a particular task, relating to "individual tasks to be done in the lawsuit." For example, Bedell's Figure 8 lists a set of "main work products." Bedell's Figures 9 and 10 list activities and supporting components that may be related to work products. However, nowhere does Bedell teach or suggest organizing or associating activities and supporting components with a work product so as to create or in any way pre-establish a process map. In fact, Bedell's Figure 25 shows that a time entry for a particular work product is identified by a particular activity and supporting work or component only after the an attorney has done the work related to the work product, that is, only after steps related to the work product have been carried out. Therefore, Bedell teaches away from "pre-established process maps" because one of ordinary skill would have seen that "pre-established process maps" would have been pointless in the system of Bedell.

Reference to one of the exemplary process maps included in Appellants' Specification will more clearly define the differences between "pre-established process maps" and Bedell's disclosure of tracking work product. For example, Appellants' Figure 2 shows a process map for responding to a complaint in a lawsuit. The illustrated process map shows steps that may be necessary to respond to a complaint, thereby allowing for estimates of fees and expenses to be associated with each step. As illustrated in Bedell's Figure 25 and elsewhere, Bedell allows at most budgeting to occur for a work product, and such budgeting does not take into account or provide in any way for individual tasks in the work product. That is, because Bedell does not include process maps, unlike the presently claimed invention, Bedell does not allow a user to prepare budget estimates according to steps needed to complete a task. In sum, Bedell simply does not include "pre-established process maps" or any analog therefor.

Accordingly, at least because Bedell does not teach or suggest "pre-established process maps" at all, claim 1, as well as claims 2-18 depending therefrom, are in condition for allowance.

Bedell et al anticipates the "individual tasks in a process map" Fig. 3.

### Argument 4

b. "selecting pre-established process maps"  
Bedell not only fails to teach or suggest "pre-established process maps," but further does not teach or suggest anything even analogous to "selecting pre-established process maps." At most, Bedell teaches that a user may select from a list of work products, and may then manually associate various activities and components with such work products. (See, e.g., Bedell, Figures 8-10.) Thus, Bedell provides no opportunity to select any object even remotely analogous to a process map as recited in claim 1, because even if such an object existed in Bedell's system, which it does not, it clearly could not be "pre-established" or "selected." Further, as discussed above, such association is performed only after an activity related to the work product has been performed. Bedell includes no teaching or suggestion of allowing a user to form "pre-established process maps."  
Accordingly, at least because Bedell does not teach or suggest "selecting preestablished process maps" at all, claim 1, as well as claims 2-18 depending therefrom, are in condition for allowance.

Bedell et al anticipates the "individual tasks in a process map" Fig. 3...they are point-and-click icons, so they can be "selected".

### **Argument 5**

2. Claim 1: "setting pricing and value variables for each individual task to be done which eliminates hourly rates in said method"  
Claim 1 recites "setting pricing and value variables for each individual task to be done which eliminates hourly rates in said method." The Examiner contended that this recitation was anticipated by Bedell's background disclosure that insurance "companies started producing guidelines in two segments, one part for the handling of a lawsuit, the other to directly address billing parameters and tolerances." (Final Office Action, page 3, quoting Bedell, column 9, lines 32-50.) However, this portion of Bedell simply makes a general disclosure that insurance companies have provided guidelines concerning litigation costs. Bedell's general background disclosure does not in any way anticipate the foregoing recitation of claim 1, as discussed in more detail in the next three sections of this Appeal Brief.

Bedell et al anticipates the "individual billing " in claim 15...since not everyone has the same expenses and fees. It is anticipated where it recites:



15. The method for entering and sharing legal billing and budget information as set forth in claim 10, wherein said billing branch further comprises: a work product billing list, said work product billing list indicating unbilled fees and unbilled expenses with respect to individual designated work products; and said work product billing list providing access to individual work product bill previews, said individual work product previews showing all firm members' contributions to said **individual work product bills**, said individual work product bill previews able to be actually billed upon user actuation of such billing.

### **Argument 6**

a. "setting pricing and value variables ..."  
Bedell provides no teaching or suggestion of "setting pricing and value variables for each individual task to be done." In fact, the portion of Bedell quoted by the Examiner provides no more than a general discussion of "billing parameters and tolerances." There is no discussion in Bedell of "pricing and value variables" at all. Further, even if Bedell's "billing parameters and tolerances" were somehow analogous to "pricing and value variables," which they are not, Bedell includes no teaching or suggestion concerning "setting pricing and value variables for each individual task." At most, Bedell discloses budgeting for "work products" but not for individual tasks within a work product. (See Bedell, column 12, lines 17-18.) In fact, while Bedell [1 discloses that "all component parts" of a work product should be considered, Bedell is very clear that it's "Estimated Fees box" only "allows the user to supply an estimate of the amount of fees that will result from completing [the] entire work product." (Id., column 27, lines 54-56.) Therefore, not only does Bedell not teach or suggest "setting pricing and value variables for each individual task," but one of ordinary skill would have thought that any attention to individual tasks making up Bedell's work product would have been unnecessary. Bedell therefore actually teaches against the foregoing recitation in claim 1.  
For at least these reasons, claim 1 is patentable over Bedell, as are claims 2-18, depending from claim 1.

Fig. 26 of Bedell et al shows a place to enter the individualized billing rate in element 358.

### **Argument 7**

b. "... which eliminates hourly rates in said method"  
Bedell cannot teach or suggest a method "which eliminates hourly rates" because Bedell clearly and repeatedly teaches recording and **billing for**

work performed according to hourly rates of attorneys and staff assigned to a case. (See, e.g., Bedell, Figures 15, 16, 17, 23, 24, 25, 26, 29, 30, and 35.) Significantly, the Examiner appears to have wholly failed to address this recitation in claim 1, which in any event is not taught or suggested by Bedell. In fact, Bedell's repeated references to hourly rates plainly teaches against the foregoing recitation of claim 1. Appellants note that in their paper dated December 22, 2006, they argued that their invention "does not even allow the number of hours worked to be input into or even considered by the system." The Examiner responded that "[t]his feature is not claimed by Applicant, and therefore the argument is moot." (Final Office Action, page 30.) However, Appellants' December 22, 2006 paper clearly amended claim 1 to include the words "which eliminates hourly rates in said method." Accordingly, the Examiner's rejection of claim 1 should be reversed at least because the Examiner has simply ignored a clearly recited feature in the claim. The Examiner also pointed to element 350 of Bedell's Figure 4 as allegedly demonstrating that Appellants erred "in asserting that the prior art exclusively relies upon hourly rates." (Final Office Action, page 30.) However, that portion of Bedell is simply a decision box in a process flow wherein it is determined whether a user is recording time or expense information. Expense information, as is clear, e.g., from Bedell's Figures 31-34, relates to out-of-pocket expenses incurred by a legal provider. Accordingly, as shown in, e.g., Bedell's Figure 34, a case summary includes fees to date and expenses to date, which sum to total costs to date. (See also Bedell, column 43, lines 34-36.) Bedell's "expenses" are clearly "expenses" in the conventional sense, i.e., out-of-pocket costs incurred by a services provider, and have nothing to do with fees charged by the services provider for services provided. Thus, Bedell's Figure 4 simply reinforces that the only possible manner of billing for work contemplated by Bedell is according to hourly rates. In sum, the Examiner's rejection of claim 1 should be reversed at least because Bedell teaches tracking and billing according to hourly rates, and thereby teaches against "pricing and value variables for each individual task to be done which eliminates hourly rates and said method." Similarly, the rejections of claims 2-18, depending from claim 1, should be reversed for at least this reason.

Here, Applicant states the prior art of Bedell "clearly and repeatedly teaches recording and billing for work performed according to hourly rates..." In Argument 1 above, Applicant asserted that the prior art Did Not have this feature...now he admits that it does disclose it "clearly and repeatedly". Applicant proves, by party admission, Examiner's point regarding Argument 1.

Further, "value billing" is discussed by Bedell, et al on column 4, lines 27-43, where it recites:

As the insurance industry remains in hot pursuit of minimizing its legal expenses, it has initiated a multi-faceted strategy which, among numerous other moves, includes increasing its staff counsel operations and constantly challenging the amount of time billed by outside firms. There has been some innovation toward, and much discussion about, returning to some form of value billing. However, to many claims professionals, billing by the hour is still the best alternative because it fits in so nicely to a process-oriented management structure and has a measure of tangibility which characteristically appeals strongly to the insurance business. To a large extent, insurance companies measure results in terms of dollars spent and dollars earned. Such measurements involve simple calculations. It is much more difficult to measure the essence of good claims or legal work--how much was spent when compared to how much might have been spent.

### **Argument 8**

c. The Examiner has made an unwarranted combination of disparate teachings alleged in Bedell. Even if the cited portion of Bedell were relevant to Appellants' claims, the Examiner has neglected to provide any explanation as to how Bedell's admitted prior art could be combined with the system disclosed in Bedell in order to produce Appellants' claimed structure. That is, Bedell's disclosure of "guidelines . . . to directly address billing parameters and tolerances" is made in Bedell's background section, and a discussion of prior art. Therefore, the Examiner should have explained how this prior art could have been combined with Bedell's disclosed system. The Examiner's rejection of claim 1 should be reversed at least because the Examiner has not met the burden of demonstrating that Bedell's disclosed prior art could have been combined with Bedell's disclosed system. Further, such combination would not have been apparent to one of ordinary skill, and the rejection of claim 1 should be reversed for at least this reason. Bedell in fact teaches that "guidelines . . . to directly address billing parameters and tolerances" are **ineffective**, and should be replaced by the system disclosed therein. Accordingly, even if the disclosed "guidelines . . . to directly address billing parameters and tolerances" did anticipate the "pricing and value variables" recited in claim 1, one of ordinary skill would have thought such guidelines inappropriate in the context of Bedell's disclosed system. For at least this further reason, the present rejection of claim 1, as well as of claims 2-18 depending therefrom, should be reversed.

Ineffective does not mean impossible...it does not teach away.

Besides, Fig. 26 of Bedell et al shows a place to enter the individualized billing rate in element 358.

### Argument 9

3. Claim 1: "providing a case status module with real-time information on how the lawsuit is proceeding based upon individual task performed"  
Claim 1 recites "providing a case status module with real-time information on how the lawsuit is proceeding based upon individual task performed." The Examiner asserted that Bedell anticipated the foregoing recitation of claim 1 with its background disclosure that "instructing attorneys to provide a 30-day status report will bring a one-line, 'nothing to report' letter from one attorney and a 12-page dissertation from another on virtually the same case." (Final Office Action, page 4, quoting Bedell, column 8, lines 55-59.) However, the cited portion of Bedell plainly discloses a manual instruction to provide a report, and manual responses thereto, and thus in no way teaches or suggests "a case status module." Further, Bedell does not include any teaching or suggestion of "real-time information," much less "real-time information on how the lawsuit is proceeding based upon individual task performed." For at least this further reason, the present rejection of claim 1, as well as of claims 2-18 depending therefrom, should be reversed.

Examiner interprets the "real-time information" a to be real time access to see the status as shown in the database. All of the data have to be entered at some point...but neither the prior art nor the claimed invention disclose the real time collection of data. There are so many human related factors in litigation, it would be very difficult for the system to collect it "real-time" (e.g., pronouncing of verdicts by judges...the system has no microphone to sense this; service of process...there are no accelerometers in the system to sense this; jumping of bail by client...there is no GPS system to do this.) Applicant's argument is unpersuasive.

### Argument 10

4. Claim 1: "providing an exceptions module to allow for automatic approval or denial of new works submitted by outside counsel to be done that is beyond the budget"

Claim 1 recites "providing an exceptions module to allow for automatic approval or denial of new works submitted by outside counsel to be done that is beyond the budget." The Examiner asserted that Bedell anticipates the foregoing recitation in its teaching that "[t]he system prohibits forced distribution of work products or activity description so that data and communicative characteristics are accurate and maximized." (Final Office Action, page 5, quoting Bedell, column 12, lines 7-10.) In fact, Bedell does not teach or suggest any "exceptions module" at all. The portion of Bedell cited by the Examiner clearly states no more than that the disclosed system does not allow a user to force descriptions of "work products or activity" based on rote "task number coding," thereby maintaining the accuracy of data entered into Bedell's system. That is, Bedell teaches no more than restrictions on data entry that provide no suggestion whatsoever concerning "approval or denial of new works."

Appellants' respectfully submit that a prohibition against distributing rote descriptions of "work products or activity" does not in any way teach or suggest "an exceptions module to allow for automatic approval or denial of new works submitted by outside counsel to be done that is beyond the budget." In fact, Bedell's teachings are irrelevant to Appellants' foregoing claim limitation. Bedell simply does not include any teaching or suggestion of "automatic approval or denial of new works submitted by outside counsel." At most, Bedell teaches submission of invoices that may be compared to a budget. (See, e.g., Bedell, Figure 34.) Further, Bedell does not include any teaching or suggestion concerning approving or denying "new works . . . to be done that is beyond the budget." For at least these reasons, the present rejection of claim 1, as well as of claims 2-18 depending therefrom, should be reversed.

If new work arrives, it inherently must be either approved or denied.

Ignoring it is a denial.

Different sources estimate that insurance companies are spending between \$25 and \$32 billion annually, so the insurance industry has become an advocate for reducing legal costs. Their response to high costs has been generally to assume that all attorneys are seeking windfall, even fraudulent profits. To combat rising costs, many companies have enlisted the services of legal bill review companies. These companies contract with an insurance carrier to "detect" billing

abuses and excessiveness in legal bills and to make downward adjustments of the bills when "overruling" or "unexplained" billing is found. The bill review companies utilize software that offer artificial intelligence, but cannot comprehensively understand the development of the case behind the legal fees being billed. Reductions then have a tendency to be predetermined, presupposed and perpetual, if for no other reason, because of the sheer complexity and diversity of litigation. Legal bill review companies are now processing literally thousands of bills each month for insurance carriers, and the business has reached multi-million dollar levels.

### **Argument 11**

5. Claim 2 (Ground of Rejection No. 1)  
Claim 2 recites "providing statistical reporting to the client, whereby data is stored and statistical information is generated using the data on all outside counsel for exact task cost comparison." The Examiner contended that the foregoing recitation of claim 2 is taught by Bedell's disclosure that one or more databases may be accessed over the Internet. (Final Office Action, pages 5-6.) As the Examiner noted, Bedell further discloses that "databases of several cases can be bundled together to provide a more comprehensive database." (Id., citing Bedell, column 15, lines 1-5.) However, the mere fact that data for multiple cases can be provided together in no way teaches or suggests that "statistical information is generated using the data on all outside counsel," much less that the data is used "for exact cost comparison." The Examiner has simply failed to address these requirements of claim 2, and moreover these requirements of claim 2 are nowhere taught or suggested in Bedell.  
For at least these reasons, claim 2 is separately patentable, and the present rejection of claim 2 should be reversed.

Bedell et al collects statistical data on col. 4, lines 27-42 where it recites:

As the insurance industry remains in hot pursuit of minimizing its legal expenses, it has initiated a multi-faceted strategy which, among numerous other moves, includes increasing its staff counsel operations and constantly challenging the amount of time billed by outside firms. There has been some innovation toward, and much discussion about, returning to some form of value billing. However, to many claims professionals, billing by the hour is still the best alternative because it fits in so nicely to a process-oriented management structure and has a measure of tangibility which characteristically appeals strongly to the insurance business. To a large extent, insurance companies measure results in terms of dollars spent and dollars earned. Such measurements involve simple calculations. It is much more difficult to

measure the essence of good claims or legal work--how much was spent when compared to how much might have been spent.

### **Argument 12**

6. Claim 4 (Ground of Rejection No. 1)  
Claim 4 recites that "the step of creating process maps includes identifying each individual task to be performed in the lawsuit in inputting the level of expertise of the person who will be doing each task." The Examiner contended that Bedell disclosed this recitation of claim 4 by its disclosure of a "work product." As noted above, Bedell discloses that a "work product" that may include "a series or combination of activities and work components that support or make up the work product." (Bedell, column 11, lines 64-67.) However, Bedell does not disclose identifying each activity or component or "a series or combination of activities and work components that support or make up the work product." In fact, **Bedell appears to teach against such identifying** because its method "specifically avoids task number coding" and is instead "based on the segmentation, identification and time management of the individual work products which combine to make up a whole legal case." (Bedell, column 12, lines 1-4.) That is, one of ordinary skill upon reading Bedell would have seen no need for "identifying each individual task to be performed in a lawsuit" because Bedell teaches tracking "work product" in a way that would obviate the need for such identifying. For at least these reasons, claim 4 is separately patentable, and the present rejection of claim 4 should be reversed.

Bedell et al anticipates the "individual tasks in a process map" Fig. 3...they are point-and-click icons, so they can be "identified".

### **Argument 13**

7. Claim 6 (Ground of Rejection No. 1)  
Claim 6 recites that "the step of setting price and value variable [sic] includes the client and putting upper and lower control limits for each task." The Examiner contended (Final Office Action, page 8) that the foregoing recitation of claim 6 was anticipated by Bedell's background disclosure of "address[ing billing] parameters intolerances." However, this general disclosure includes no teaching or suggestion of "upper and lower control limits" as required by claim 6, much less "upper and lower control limits for each task." For least this reason, claim 6 is separately patentable, and the present rejection of claim 6 should be reversed.

Fig. 26 of Bedell et al shows a place to enter the individualized billing rate in element 358.

#### **Argument 14**

8. Claims 8-9 (Ground of Rejection No. 1)  
Claim 8 recites that "the step of establishing a budget includes the client generating values for each individual task, the client electronically submitting the budget to outside counsel, and the outside counsel either accepting or rejecting the budget by submission back to the client." To the extent that Bedell contemplates a budgeting process, Bedell clearly suggests that such budgeting process is carried out by law firm counsel, and not corporate counsel. For example, Bedell teaches that "most carriers and/or clients prefer to have an overall estimate of the legal fees the firm estimates will be incurred." (Bedell, column 20, lines 47-49; emphasis added.) Thus, Bedell **teaches that it is desirable to have law firm counsel generate any budgeting information, and therefore teaches against "the client generating values for each individual task" and "the client electronically submitting the budget to outside counsel."** For least these reasons, claim 8 is separately patentable and the present rejection of claim 8 should be reversed. The rejection of claim 9 should be reversed at least by reason of the dependence of claim 9 from claim 8.

Fig. 26 of Bedell et al shows a place to enter "Fees for this task".

Do outside counsel have access to the budgets? Well, claim 1 of Bedell et al recites:

1. A method for entering and sharing legal billing and budget information, the steps comprising: providing a computer **network**; gathering actual time and expense data via said computer **network**; gathering predicted time and expense data via said computer **network** to effect a budget indicating allocated funds for legal activities and legal expenses; identifying said actual time and expense data and said budget with a specific case of a specific client; storing said actual and predicted time and expense data in a database related to said case; presenting said budget to a user when said user enters actual time and expense data so that said user is notified of compliance with said budget as indicated by



said budget less already billed actual time and expense data and said user is notified of potentially remaining budget as indicated by said budget less already billed actual time and expense data plus unbilled actual time and expense data; transmitting said actual time and expense data and said budget to a third party, said third party monitoring said actual time and expense data and said budget; whereby legal billing for time and expenses and review of such legal billing may occur in a contemporaneous and ongoing manner over said computer network, allowing legal costs and fees to be entered, recorded, and monitored more easily by geographically dispersed parties.

Examiner interprets outside counsel to be a "geographically dispersed party" that can be given access. The rejection stands.

#### **Argument 15**

9. Claim 11 (Ground of Rejection No. 1)  
Claim 11 recites that "inputting the work that has been completed into computer by clicking an ABA code representative of the work area completed, clicking on the specific pre-approved task that has been performed, clicking on a tab to bill it, and automatically sending the bill via internet to a client." As the Examiner noted repeatedly in the Final Office Action, Bedell teaches that its method "specifically avoids task number coding." (Bedell, column 12, line 1.) Accordingly, Bedell plainly teaches away from the foregoing recitation of claim 11. Claim 11 is separately patentable, and the rejection of claim 11 should be reversed at least for this reason.

Internet billing and pre-approved task is disclosed on Bedell, column 41, lines 66-67 and column 42, lines 1-8:

On the "Case Information" screen 90, the user had designated the invoice method 144. This election has been stored by the system. When the user clicks the "send" button, a bill is automatically generated as described above. Routing of the bill will occur by one of the following methods: Bill sent to printer for regular mail submission; Bill sent to the e-mail address supplied on the "Case Information" screen 90; or Bill sent via other designated method, such as FAX.

Coded billing methods is disclosed on Bedell, column 18, lines 33-67 and column 19, lines 1-3 where it recites:

Bills as currently submitted are periodic lists of activities in a chronological order, which are intended to serve accountability and reconciliation purposes. The formats are exactly what the carriers have requested, because they are the best methods of what has been known up to this point. What a bill reviewer is provided, however, is long and short descriptions of activities that are strictly chronological and lack meaning. The only questions then that are typically being asked relate to single billing entries with single time attachments. Bills are nothing more than post activity lists which, as currently structured, explain very little about what a case was about or why billing entries were made. Task-based billing programs attempt to close the gaps by force, distributing activities into set categories, but the distribution methods are flawed, time consuming and problematic which causes inaccurate information to be developed. A greater problem is that **coded billing methods** are aimed straight at billing with limited, mostly innocuous management information resulting.

Because of the nearly universal reliance upon technology, there is a marked need for technology that combines lawsuit planning, budgeting, managing, communicating, and billing into a single productive, relationship-building package. The present invention accomplishes that by including all the elements and giving all involved parties what they need through segmenting activities and accountabilities into the specific and separate work products which are established in any lawsuit. It provides uniform disciplines, support and assistance for each member of the tripartite relationship. A bill on any case can only be produced through communication and planning and will never come as a surprise to anyone. The spontaneous review features, enhanced by Internet delivery, of the method will serve to remove current barriers and pave the way for synchronizing defense firms with each of its clients and insurance company lawsuit co-managers without reinforcing any of the ethical problems that come from the disjointed case handling, guideline and billing practices as currently known.

### **Argument 16**

- B. Independent Claim 19 and Dependent Claim 20 (Ground of Rejection No. 1)  
1. Claim 19: "a feature for inputting values to each task"

Independent claim 19 recites in part "a module operable for inputting data for establishing an actual budget, said module including a feature for inputting values to each task." The Examiner contended that Bedell disclosed this recitation of claim 19 by its disclosure of "work product," where, as noted above, a "work product" may include "a series or combination of activities and work components that support or make up the work product." (Bedell, column 11, lines 64-67.) However, Bedell does not include any feature for inputting values with respect to any activity or work component or "series or combination of activities and work components that support or make up the work product." At most, as discussed above, Bedell includes the ability to input values with respect to a work product as a whole, or with respect to hourly billing toward a work product. Therefore, Bedell cannot teach or suggest "a feature for inputting values to each task" as required by claim 19.

In fact, the manner in which Bedell teaches that a work product should be tracked teaches against "a feature for inputting values to each task" as required by claim 19. As noted by the Examiner (Final Office Action, page 16) and as discussed above, the method of Bedell "specifically avoids task number coding" and is instead "based on the segmentation, identification and time management of the individual work products which combine to make up a whole legal case." (Bedell, column 12, lines 1-4.) Further, as noted above in the discussion of claim 1, Bedell's entire focus is on hourly billing. Therefore, one of ordinary skill would have **thought that "inputting values" with respect to activities or work components supporting or making up a work product would have been pointless in the context of Bedell's system, which tracks time for individual tasks only on an hourly basis and only after such time is incurred.**

For at least these reasons, the present rejection of claim 19, as well as of claim 20 depending therefrom, should be reversed.

Fig. 26 of Bedell et al shows a place to enter "Fees for this task".

### **Argument 17**

2. Claim 19: "an exceptions module that is controlled by the client for accommodating alterations to the budget"

Independent claim 19 recites in part "an exceptions module that is controlled by the client for accommodating alterations to the budget." The Examiner asserted that Bedell anticipates the foregoing recitation in its of imposing "budgetary constraints" on "litigation or legal billing." (Final Office Action, page 17, quoting Bedell, Abstract.) In fact, as discussed above with respect to claim 1, Bedell does not teach or suggest any "exceptions module" at all, much less "an exceptions module that is controlled by the client for accommodating alterations to the budget." In fact, the portion of Bedell cited by the Examiner clearly states no more than that "[f]inancial expectations (in the form of budget guidelines) . . . can be continuously kept in mind." (Bedell, Abstract.) That is, Bedell

teaches no more than the ability to monitor conformance to a budget, but provides no teaching or suggestion at all of "an exceptions module that is controlled by the client," much less "an exceptions module . . . for accommodating alterations to the budget."

For at least these reasons, the present rejection of claim 19, as well as of claim 20 depending therefrom, should be reversed.

Further, Bedell et al anticipates the "exceptions in a litigation budget" on column 20, lines 45-51, where it recites:

The Estimated Expenses field element 114 provides additional budgetary information. In addition to fees, most carriers and/or clients prefer to have an overall estimate for the expenses the firm estimates will be incurred on the entire case while it is being defended. That estimate may be inserted in this field. This is an editable field. These estimates may be revised.

### Argument 18

C. Independent Claim 21 (Ground of Rejection No. 1)

1. Claim 21: "a module that maps out in detail the tasks, decision points and litigation variables for the process of litigation"

Independent claim 21 recites in part "a module that maps out in detail the tasks, decision points and litigation variables for the process of litigation." Bedell does not teach or suggest any "module that maps out in detail" any aspect of "the process of litigation." The portion of Bedell cited by the Examiner (see Final Office Action, page 18) discusses "predefined utilization lists of probable work products," which are wholly irrelevant to the "module that maps" as recited in claim 21. Bedell teaches no more than listing possible tasks that may be the basis for a legal bill. For example, Bedell's Figure 8 lists a set of "main work products." Bedell's Figures 9 and 10 list activities and supporting components that may be related to work products. As illustrated in Bedell's Figure 25 and elsewhere, Bedell allows at most budgeting to occur for a work product, and such budgeting does not take into account or provide in any way for individual tasks in the work product, much less performing any "map[ping] out in detail." In sum, nowhere does Bedell teach or suggest mapping out in detail such tasks, much less does Bedell have any teaching or suggestion at all with respect to "decision points" or "litigation variables."

In fact, as noted above with respect to claim 1, Bedell's Figure 25 shows that a time entry for a particular work product is identified by a particular activity and supporting work or component only after the an attorney has done the work related to the work product, that is, only after steps related to the work product have been carried out. Therefore, Bedell

teaches away from "a module that maps out in detail the tasks, decision points and litigation variables for the process of litigation" because one of ordinary skill would have seen that the mapping performed by such a module would have been pointless in the system of Bedell.  
For at least these reasons, the rejection of claim 21 should be reversed.

Bedell et al anticipates the "individual tasks in a process map" Fig. 3...they are point-and-click icons, so they can be "selected".

### **Argument 19**

2. Claim 21: "a module for assigning dollar values to each task of the process"

a. "a module for assigning dollar values to each task of the process"

Independent claim 21 recites in part "a module for assigning dollar values to each task of the process." However, Bedell teaches at most providing estimates of hourly fees to overall work products, and does not in any way teach or suggest "assigning dollar values to each task of the process." In fact, the portion of Bedell quoted by the Examiner provides no more than a general discussion of "billing parameters and tolerances." Even if Bedell's "billing parameters and tolerances" were somehow analogous to "assigning dollar values," which they are not, Bedell includes no teaching or suggesting concerning "assigning dollar values to each task." At most, Bedell discloses budgeting for "work products" but not for individual tasks within a work product. (See Bedell, column 12, lines 17-18.) In fact, while Bedell discloses that "all component parts" of a work product should be considered, Bedell is very clear that it's "Estimated Fees box" only "allows the user to supply an estimate of the amount of fees that will result from completing [the] entire work product." (Id., column 27, lines 54-56.) Therefore, not only does Bedell not teach or suggest "assigning dollar values to each task of the process," but one of ordinary skill would have thought that any attention to individual tasks making up Bedell's work product would have been unnecessary. Thus, Bedell actually teaches against "a module for assigning dollar values to each task of the process."

For at least these reasons, the rejection of claim 21 should be reversed.

Fig. 26 of Bedell et al shows a place to enter "Fees for this task".

### **Argument 20**

b. The Examiner has made an unwarranted combination of disparate teachings alleged in Bedell. As discussed above with respect to claim 1, even if the cited portion of Bedell were relevant to Appellants' claims, the Examiner has neglected to provide any explanation as to how Bedell's admitted prior art could be combined with the system disclosed in Bedell in order to produce Appellants' claimed structure. That is, Bedell's disclosure of "guidelines . . . to directly address billing parameters and tolerances" is made in Bedell's background section, and a discussion of prior art. Therefore, the Examiner should have explained how this prior art could have been combined with Bedell's disclosed system. The Examiner's rejection of claim 1 should be reversed at least because the Examiner has not met the burden of demonstrating that Bedell's disclosed prior art could have been combined with Bedell's disclosed system. Further, such combination would not have been apparent to one of ordinary skill, and the rejection of claim 21 should be reversed for at least this further reason.

"Value billing" is discussed by Bedell, et al on column 4, lines 27-43, where it recites:

As the insurance industry remains in hot pursuit of minimizing its legal expenses, it has initiated a multi-faceted strategy which, among numerous other moves, includes increasing its staff counsel operations and constantly challenging the amount of time billed by outside firms. There has been some innovation toward, and much discussion about, returning to some form of **value billing**. However, to many claims professionals, billing by the hour is still the best alternative because it fits in so nicely to a process-oriented management structure and has a measure of tangibility which characteristically appeals strongly to the insurance business. To a large extent, insurance companies measure results in terms of dollars spent and dollars earned. Such measurements involve simple calculations. It is much more difficult to measure the essence of good claims or legal work--how much was spent when compared to how much might have been spent.

### **Argument 21**

3. Claim 21: "a module for inputting pre-approved dollar values for each task to be charged by counsel"  
Independent claim 21 recites in part "a module for inputting pre-approved dollar values for each task to be charged by counsel." The Examiner contended that Bedell's "Navigation Bar" reads on the foregoing module. (Final Office Action, page 19.) However, none of the six buttons in the Navigation Bar have anything to do with "inputting pre-approved dollar

values for each task to be charged by counsel." (See Bedell, column 19, lines 13-33.) Further, Bedell does not appear to have any teaching or suggestion of any interface or module whereby a user may input "pre-approved dollar values" of any kind, much less "pre-approved dollar values for each task to be charged by counsel." For at least this further reason, the rejection of claim 21 should be reversed.

If new work arrives, it inherently must be either approved or denied.

Ignoring it is a denial.

Different sources estimate that insurance companies are spending between \$25 and \$32 billion annually, so the insurance industry has become an advocate for reducing legal costs. Their response to high costs has been generally to assume that all attorneys are seeking windfall, even fraudulent profits. To combat rising costs, many companies have enlisted the services of legal bill review companies. These companies contract with an insurance carrier to "detect" billing abuses and excessiveness in legal bills and to make downward adjustments of the bills when "overruling" or "unexplained" billing is found. The bill review companies utilize software that offer artificial intelligence, but cannot comprehensively understand the development of the case behind the legal fees being billed. Reductions then have a tendency to be predetermined, presupposed and perpetual, if for no other reason, because of the sheer complexity and diversity of litigation. Legal bill review companies are now processing literally thousands of bills each month for insurance carriers, and the business has reached multi-million dollar levels.

### **Argument 22**

D. Independent Claim 22 (Ground of Rejection No. 1)

1. Claim 22: "a real-time analysis module that is operable to inform in-house counsel in reducing litigation cost"  
Independent claim 22 recites in part "a real-time analysis module that is operable to inform in-house counsel in reducing litigation cost." The Examiner asserted that Bedell anticipated the foregoing recitation of claim 22 with its background disclosure that "instructing attorneys to provide a 30-day status report will bring a one-line, 'nothing to report' letter from one attorney and a 12-page dissertation from another on virtually the same case." (Final Office Action, page 20, quoting Bedell, column 8, lines 55-59.) However, the cited portion of Bedell plainly discloses a manual instruction to provide a report, and manual responses thereto, and thus in no way teaches or suggests "a real-time analysis module." Further, Bedell does not include any teaching or suggestion of "real-time analysis," much less "a real-time analysis

module that is operable to inform in-house counsel in reducing litigation cost." At most, Bedell discloses allowing viewing of "detailed legal bills for completed work products that have been pre-communicated to clients[]" carriers." (Bedell, column 12 lines 22-25.) For at least this reason, the present rejection of claim 22 should be reversed.

Examiner interprets the "real-time information" a to be real time access to see the status as shown in the database. All of the data have to be entered at some point...but neither the prior art nor the claimed invention disclose the real time collection of data. There are so many human related factors in litigation, it would be very difficult for the system to collect it "real-time" (e.g., pronouncing of verdicts by judges...the system has no microphone to sense this; service of process...there are no accelerometers in the system to sense this; jumping of bail by client...there is no GPS system to do this.) Applicant's argument is unpersuasive.

### **Argument 23**

2. Claim 22: "a real-time budget and cost to complete module that is created by in-house counsel"  
Independent claim 22 recites in part "a real-time budget and cost to complete module that is created by in-house counsel." The Examiner asserted that Bedell anticipates the foregoing recitation in its of imposing "budgetary constraints" on "litigation or legal billing." (Final Office Action, page 20, quoting Bedell, Abstract.) However, the portion of Bedell cited by the Examiner clearly states no more than that "[f]inancial expectations (in the form of budget guidelines) . . . can be continuously kept in mind." (Bedell, Abstract.) That is, Bedell teaches no more than the ability to monitor conformance to a budget, but provides no teaching or suggestion at all of "an exceptions module that is controlled by the client," much less "an exceptions module . . . for accommodating alterations to the budget." Bedell includes no teaching or suggestion of a module providing for input by in-house counsel, much less "a real-time budget and cost to complete module." Indeed, as noted above, Bedell teaches budgeting by law firm counsel and teaches away from budgeting by in-house counsel. For at least these further reasons, the rejection of claim 22 should be reversed



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Ignoring it is a denial.

Different sources estimate that insurance companies are spending between \$25 and \$32 billion annually, so the insurance industry has become an advocate for reducing legal costs. Their response to high costs has been generally to assume that all attorneys are seeking windfall, even fraudulent profits. To combat rising costs, many companies have enlisted the services of legal bill review companies. These companies contract with an insurance carrier to "detect" billing abuses and excessiveness in legal bills and to make downward adjustments of the bills when "overruling" or "unexplained" billing is found. The bill review companies utilize software that offer artificial intelligence, but cannot comprehensively understand the development of the case behind the legal fees being billed. Reductions then have a tendency to be predetermined, presupposed and perpetual, if for no other reason, because of the sheer complexity and diversity of litigation. Legal bill review companies are now processing literally thousands of bills each month for insurance carriers, and the business has reached multi-million dollar levels.

### **Argument 24**

3. Claim 22: "an exception module that is operable to permit outside counsel to request to modify the budget ..."  
Independent claim 22 recites in part "an exception module that is operable to permit outside counsel to request to modify the budget when a task outside of the budget arises, said in-house counsel being operable to deny said request, if the request is approved, the budget is revised. The Examiner asserted that Bedell anticipates the foregoing recitation in its of imposing "budgetary constraints" on "litigation or legal billing." (Final Office Action, page 17, quoting Bedell, Abstract.) In fact, as discussed above with respect to claim 1, Bedell does not teach or suggest any "exceptions module" at all, much less "an exceptions module that is operable to permit outside counsel to request to modify the budget." Indeed, the portion of Bedell cited by the Examiner clearly states no more than that "[financial expectations (in the form of budget guidelines) . . . can be continuously kept in mind." (Bedell, Abstract.) That is, Bedell teaches no more than the ability to monitor conformance to a budget, but provides no teaching or suggestion at all of "an exceptions module," much less "an exceptions module that is operable to permit outside counsel to request to modify the budget." For least these further reasons, the rejection of claim 22 should be reversed

Do outside counsel have access to the budgets? Well, claim 1 of Bedell et al recites:

1. A method for entering and sharing legal billing and budget information, the steps comprising: providing a computer network; gathering actual time and expense data via said computer network; gathering predicted time and expense data via said computer network to effect a budget indicating allocated funds for legal activities and legal expenses; identifying said actual time and expense data and said budget with a specific case of a specific client; storing said actual and predicted time and expense data in a database related to said case; presenting said budget to a user when said user enters actual time and expense data so that said user is notified of compliance with said budget as indicated by said budget less already billed actual time and expense data and said user is notified of potentially remaining budget as indicated by said budget less already billed actual time and expense data plus unbilled actual time and expense data; transmitting said actual time and expense data and said budget to a third party, said third party monitoring said actual time and expense data and said budget; whereby legal billing for time and expenses and review of such legal billing may occur in a contemporaneous and ongoing manner over said computer network, allowing legal costs and fees to be entered, recorded, and monitored more easily by geographically dispersed parties.

Examiner interprets outside counsel to be a "geographically dispersed party" that can be given access. The rejection stands.

### Argument 25

E. Independent Claim 26 (Ground of Rejection No. 1)

1. Claim 26: "corporate counsel generating an actual working budget based on defaults and price variables"

Independent claim 26 recites in part "corporate counsel generating an actual working budget based on defaults and price variables." The Examiner asserted that Bedell anticipates the foregoing recitation in its of imposing "budgetary constraints" on "litigation or legal billing." (Final Office Action, page 24, quoting Bedell, Abstract.) The portion of Bedell cited by the Examiner clearly states no more than that "[financial expectations (in the form of budget guidelines) . . . can be continuously kept in mind." (Bedell, Abstract.) Bedell includes absolutely no teaching or suggestion of "corporate counsel generating an actual working

budget," much less that such budget is "based on defaults and price variables."

In fact, to the extent that Bedell contemplates a budgeting process, as noted above, Bedell clearly suggests that such budgeting process is carried out by law firm counsel, and not corporate counsel. For example, Bedell teaches that "most carriers and/or clients prefer to have an overall estimate of the legal fees the firm estimates will be incurred." (Bedell, column 20, lines 47-49; emphasis added.) Thus, Bedell teaches that it is desirable to have law firm counsel generate any budgeting information, and therefore teaches against "corporate counsel generating an actual working budget."

Further, as noted above, Bedell does not teach or suggest any budgeting "based on defaults and price variables." In fact, as discussed above, Bedell discloses no more than an "Estimated Fees box" that "allows the user to supply an estimate of the amount of fees that will result from completing [the] entire work product." (Bedell, column 27, lines 54-56.)

For least the foregoing reasons, the rejection of claim 26 should be reversed.

Coded billing methods is disclosed on Bedell, column 18, lines 33-67 and column 19, lines 1-3 where it recites:

Bills as currently submitted are periodic lists of activities in a chronological order, which are intended to serve accountability and reconciliation purposes. The formats are exactly what the carriers have requested, because they are the best methods of what has been known up to this point. What a bill reviewer is provided, however, is long and short descriptions of activities that are strictly chronological and lack meaning. The only questions then that are typically being asked relate to single billing entries with single time attachments. Bills are nothing more than post activity lists which, as currently structured, explain very little about what a case was about or why billing entries were made. Task-based billing programs attempt to close the gaps by force, distributing activities into set categories, but the distribution methods are flawed, time consuming and problematic which causes inaccurate information to be developed. A greater problem is that **coded billing methods** are aimed straight at billing with limited, mostly innocuous management information resulting.

Because of the nearly universal reliance upon technology, there is a marked need for technology that combines lawsuit planning, budgeting, managing, communicating, and billing into a single productive, relationship-building package. The present invention accomplishes that by including all the elements and giving all involved parties what they need through segmenting activities and accountabilities into the specific

and separate work products which are established in any lawsuit. It provides uniform disciplines, support and assistance for each member of the tripartite relationship. A bill on any case can only be produced through communication and planning and will never come as a surprise to anyone. The spontaneous review features, enhanced by Internet delivery, of the method will serve to remove current barriers and pave the way for synchronizing defense firms with each of its clients and insurance company lawsuit co-managers without reinforcing any of the ethical problems that come from the disjointed case handling, guideline and billing practices as currently known.

### **Argument 26**

2. Claim 26: "the law firm electronically requesting exceptions ..." Independent claim 22 recites in part "the law firm electronically requesting exceptions when a task is outside of the agreed-upon actual budget, said corporate counsel either accepting or rejecting the exceptions. The Examiner asserted that Bedell anticipates the foregoing recitation in its of imposing "budgetary constraints" on "litigation or legal billing." (Final Office Action, page 24, quoting Bedell, Abstract.) However, the portion of Bedell cited by the Examiner clearly states no more than that "[f]inancial expectations (in the form of budget guidelines) . . . can be continuously kept in mind." (Bedell, Abstract.) As discussed above, Bedell includes absolutely no teaching or suggestion of any mechanism for "requesting exceptions." For least the foregoing further reasons, the rejection of claim 26 should be reversed.

If new work arrives, it inherently must be either approved or denied.

Ignoring it is a denial.

Different sources estimate that insurance companies are spending between \$25 and \$32 billion annually, so the insurance industry has become an advocate for reducing legal costs. Their response to high costs has been generally to assume that all attorneys are seeking windfall, even fraudulent profits. To combat rising costs, many companies have enlisted the services of legal bill review companies. These companies contract with an insurance carrier to "detect" billing abuses and excessiveness in legal bills and to make downward adjustments of the bills when "overruling" or "unexplained" billing is found. The bill review companies utilize software that offer artificial intelligence, but cannot comprehensively understand the development of the case behind the legal fees being billed. Reductions then have a tendency to be predetermined, presupposed and perpetual, if for no other reason, because of the sheer complexity and diversity of litigation.

Legal bill review companies are now processing literally thousands of bills each month for insurance carriers, and the business has reached multi-million dollar levels.

### Argument 27

#### CONCLUSION

In view of the foregoing arguments, Appellants respectfully submit that the pending claims are novel over the cited references. The Examiner's rejections of all pending claims are improper because the prior art of record does not teach or suggest each and every element of the claimed invention. In view of the above analysis, a reversal of the rejections of record is respectfully requested of this Honorable Board.

It is believed that any fees associated with the filing of this paper are identified in an accompanying transmittal. However, if any additional fees are required, they may be charged to Deposit Account 18-0013, under Order No. 66735-0001, from which the undersigned is authorized to draw. To the extent necessary, a petition for extension of time under 37 C.F.R. 1.136(a) is hereby made, the fee for which should be charged against the aforementioned account.

Applicant's arguments are unpersuasive. The rejections stand.

For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,

Wilbert L. Starks, Jr.

  
Conferees:

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